

October 27, 2000

Ms. Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
12th Street Lobby, TW-A325
Washington, DC 20554

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FCC MAIL ROOM

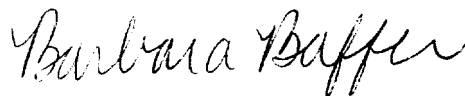
Re: Ex Parte Presentation
WT Docket No. 99-168

Dear Ms. Salas:

On October 26, 2000, Leif Holm, Mark Racek, Tom Lindstrom and Barbara Baffer of Ericsson Inc. met with Jim Schlichting, Kathleen O'Brien Ham, and Kelly Quinn of the Wireless Telecommunications Bureau. The purpose of the meeting was to discuss the 700 MHz auctions. Specifically, the Ericsson representatives noted that Ericsson supports 700 MHz as an early opportunity to offer 3G services in the US and that Ericsson is committed to providing the equipment required by the 700 MHz license winners. In addition, Ericsson believes that the 700 MHz auction should commence in March 2001 without any further delays and urges the FCC to support and facilitate market-based band clearing alternatives.

Pursuant to Section 1.1206 of the Commission's rules, an original and one copy of this letter along with a powerpoint presentation are being filed with your office. If you should have any questions or need further information, please do not hesitate to contact me at 202-783-2200.

Sincerely,



Barbara Baffer
Director, Public and Regulatory Affairs
Ericsson Inc.

Cc: Jim Schlichting,
Kathleen O'Brien Ham
Kelly Quinn

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700 MHZ AUCTION

FCC Meeting

Washington D.C. - October 26, 2000

AGENDA

ERICSSON'S POSITION ON 700MHz

BUSINESS CASE FOR 700MHz

700MHz ROAD BLOCKS AND SOLUTIONS

WRAP-UP

ERICSSON'S POSITION ON 700 MHZ AUCTION DELAYS

700 MHz is an excellent opportunity for US consumers to enjoy the first available 3G applications and services.

Further delays in the 700 MHz auction will increase uncertainty, reduce bidder interest and ultimately reduce the public benefit.

The FCC needs to continue actively supporting the 700 MHz auction and ensure the auction commences in March 2001.



Further auction delays would not be in the best interest of the public.

ERICSSON'S POSITION ON 700 MHZ SPECTRUM CLEARANCE

Market-based clearance options will maximize the public benefit.

The most realistic way to clear the 700 MHz band is to employ 3-way voluntary clearing agreements and secondary auctions.

These tools must be endorsed and supported by the FCC.

The FCC should encourage third party solutions, like those proposed by the Spectrum Exchange / Allen Group.



The FCC must support and facilitate all available market-based tools to realistically clear the 700 MHz band.

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BUSINESS CASE FOR 700MHz DEMAND FOR 700 MHz SPECTRUM

The expected increase in wireless data traffic will severely stress the currently capacity-constrained networks.⁽¹⁾

The spectrum available in the 1900 MHz re-auction is not sufficient to meet future spectrum needs.

Therefore, based on current bandwidth positions, Ericsson expects strong market interest in the 700 MHz licenses.

(1) 115% CAGR in wireless data subscribers between 2000 and 2003. Source: DLJ and Merrill Lynch.



There will be substantial market interest in 700 MHz licenses.

BIDDER ANALYSIS

1900 MHZ / 700 MHZ COMPARISON

		700 MHZ	1900 MHZ
COSTS	Estimated License Cost / POP-MHz⁽¹⁾	\$2.50 - 4.00	\$ 4 - 6
	Benefits	<p>Coverage Nationwide</p> <p>Capacity Not included in Spectrum Cap</p> <p>Success rates 100% success rate possible</p> <p>Services 3G</p> <p>Compatibility Requires new network</p>	<p>Coverage Not nationwide</p> <p>Capacity Included in Spectrum Cap</p> <p>Success rates 100% success rate unlikely</p> <p>Services 2.5G in most cases</p> <p>Compatibility Compatible with existing network</p>

(1) \$50 - 80 / POP with average of 20 MHz for 700.
\$80-120 / POP with average of 20 MHz for 1900.

Economically, 700MHz represents an attractive opportunity to increase competition.

BUSINESS CASE FOR 700MHz

IMPLICATIONS FOR CUSTOMER, COMPETITION, AND COMPANIES

	700MHz	1900MHz
Customers	<ul style="list-style-type: none"> ▪ New entrants likely ▪ Larger number of new services ▪ Increased consumer benefit ▪ Lower prices 	<ul style="list-style-type: none"> ▪ New entrants unlikely ▪ Smaller number of new applications
Competition	<ul style="list-style-type: none"> ▪ Only current opportunity to rollout a nation-wide 3G network ▪ Attractive economics 	<ul style="list-style-type: none"> ▪ Opportunity for existing wireless operators to fill coverage/capacity gaps ▪ Strong demand prices new entrants out of market
Companies	<ul style="list-style-type: none"> ▪ Addresses future capacity constraints ▪ Increases strategic options to existing wireless operators ▪ Attractive business opportunity for new entrants ▪ Encumbered spectrum 	<ul style="list-style-type: none"> ▪ Addresses current capacity constraints ▪ Opportunity for large players to solidify their positions in key markets ▪ Regulatory conditions (e.g. spectrum cap) apply ▪ Unencumbered spectrum

700MHz will benefit the public with new services and lower prices through increased competition.

AGENDA

ERICSSON POSITION ON 700MHz

BUSINESS CASE FOR 700MHz

700MHz ROAD BLOCKS AND SOLUTIONS

WRAP-UP

700 MHZ ROADBLOCKS AND SOLUTIONS

INCUMBENT BROADCASTERS

ISSUE	ISSUE QUANTIFICATION	WHAT NEEDS TO BE DONE?
INCUMBENT FULL-SERVICE ANALOG STATIONS	CH. 51-58: ~ 100 full-service analog TV stations CH. 59-69: ~ 100 full-service analog TV stations	To rollout 3G services it is first required that all full-service analog and digital stations and LPTV stations leave the bands As of 10/25/00, the Burns' bill (S.2454) is still pending. However, there is only a few days remaining in this legislative session.
DTV ALLOTMENTS	CH. 51-58: 170 DTV channels allotments CH. 59-69: 36 DTV channel allotments	
INCUMBENT LPTV STATIONS	CH. 51-58: ~ 825 LPTV stations CH. 59-69: ~ 1025 LPTV stations	

Source: FCC TV database

Prompt and efficient clearance of the 700 MHz band will eliminate bidder uncertainty and avoid further delays of the auctions.

700 MHZ BAND ROADBLOCKS AND SOLUTIONS

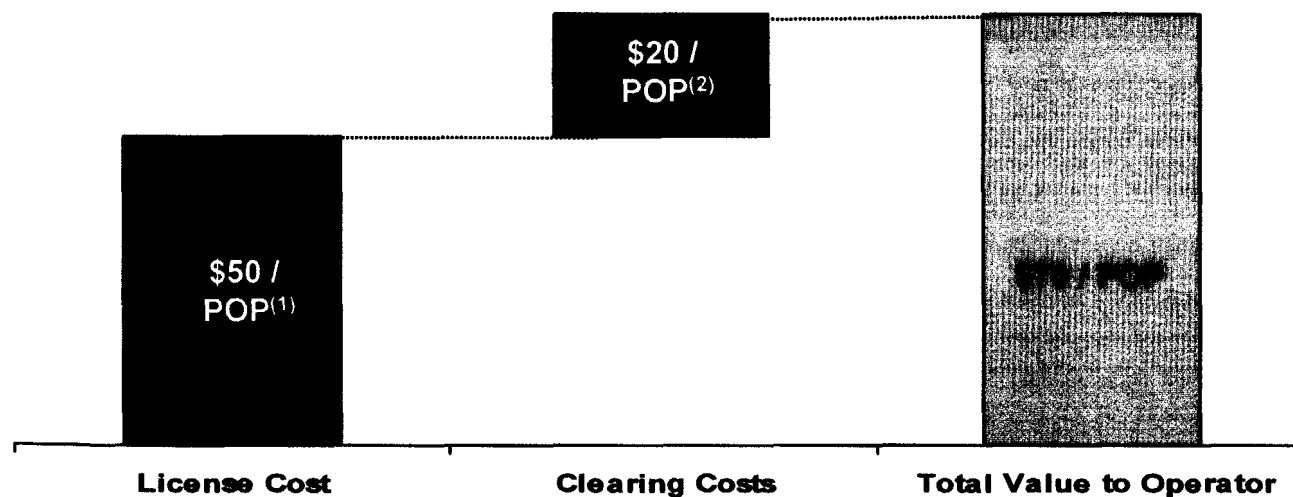
SPECTRUM CLEARANCE SOLUTIONS

ACTIONS	DESCRIPTION	KEY SUCCESS FACTORS
SPECTRUM EXCHANGE / ALLEN SECONDARY AUCTION	Linkage between FCC auction and clearing-rights auction in order to allow companies to bid for clear spectrum	<p>All incumbent broadcasters must participate</p> <p>Affirming digital must-carry rights would increase broadcaster participation but still allow holdouts</p> <p>Mandatory relocation to channels in the core only (not 51-58) would eliminate all current and future holdout opportunities</p>
THREE-WAY VOLUNTARY AGREEMENTS	New 700MHz licensees would negotiate with and compensate both the broadcaster who provides the relocation channel in the core (ch. 2-50) and the channel 59-69 TV incumbent who moves to the relocation channel	<p>This action must be combined with the secondary auction. By itself it does not remove uncertainty prior to the auction because it requires new licensee involvement</p> <p>To avoid holdouts, incumbents should be required to relocate to channels that are available in the core. To facilitate relocation comparable channels in the core that are available for relocation need to be identified</p>

Further FCC involvement and support is required in order to establish a band clearing procedure prior to the auction date.

700MHz ROADBLOCKS AND SOLUTIONS

VALUE TO THE PUBLIC



(1)Source: Chase H&Q.

(2)Source: Ericsson estimates.

A 10% reduction in the clearing costs could result in a increase of \$580 M in auction revenues.

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WRAP-UP CONCLUSIONS

- **Ericsson supports 700 MHz as an early opportunity to offer 3G services in the US.**
- **Ericsson is committed to providing the equipment required by 700 MHz license winners.**
- **The 700 MHz opportunity will provide numerous benefits to consumers if available quickly.**
- **In order to maximize these benefits, the auction should commence in March 2001 without any further delays.**
- **Ericsson supports Chairman Kennard's comments from October 10th in regards to incumbent broadcasters and urges the FCC to support and facilitate market-based band clearing alternatives.**